

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. Capital Assets (Continued)

Government-wide Statements (Continued)

protected, kept unencumbered, cared for, and preserved. 3) The collection is subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections. With regard to the collection of zoo animals and in accordance with industry practice, animal collections are recorded at the nominal amount of \$ 1 (one dollar), as there is no objective basis for establishing value. Additionally, animal collections have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status, and breeding potential, whereby it is impracticable to assign value. Acquisitions are recorded as expenditures in the period of acquisition. In an ongoing commitment to enhance the worldwide reproduction and preservation of animals, the County shares animals with other organizations. Consistent with industry practice, the County does not record any asset or liability for such sharing arrangements, as generally these arrangements are without monetary consideration.

The County has elected not to capitalize the collection of museum historical artifacts because these assets meet the criteria stated above that qualify the collections for exemption from the capitalization requirement.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Compensated Absences

County employees are granted sick and annual vacation leave in varying amounts in accordance with administrative policies and union contracts. County employees are requested to use all accumulated vacation time earned before the end of the subsequent calendar year. In the event of termination or retirement, the employees are paid for accumulated vacation days.

Generally, accumulated sick pay is forfeited upon termination other than retirement. When an employee retires, accumulated sick leave benefits vest. Most represented employees are entitled to full payment for accumulated sick pay upon retirement. Full payment is either made in cash or is used to pay for

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

6. Compensated Absences (Continued)

post-employment health insurance costs of the employee. Non-represented employees who retire are entitled to payment for accumulated sick leave up to a maximum of 400 hours plus 16 hours per 100 hours, or fraction thereof, of accrued sick leave in excess of the 400 hours, instead of full payment for all accumulated sick leave. Payments for retiree sick pay benefits were \$ 1,854 in 2008 and \$ 6,607 in 2007. In 2007, the County settled a lawsuit brought by non-represented employees related to sick leave benefits due at retirement. The 2007 sick pay benefits include \$ 3,948 in payments made to non-represented employees as a result of this lawsuit.

Amounts of vacation and sick pay earned and vested by employees have been accrued in the government-wide and proprietary fund financial statements. The short-term portions of compensated absences are classified as current liabilities. For the governmental activities and the business-type activities the short-term portion is \$ 24,184 and \$ 6,372, respectively. The long-term portion of compensated absences, generally for sick leave payable upon retirement, is classified as compensated absences. Amounts paid to employees in the governmental fund types within 60 days of year-end have been recorded as an expense in the governmental funds.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Gains and losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. Bonds payable are reported net of the applicable bond premium or discount and gains or losses, as applicable. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. Long-term Obligations (Continued)

The 1993 Refunding Bonds included zero coupon bonds, which were sold at a deep discount. These zero coupon bonds mature in the last three years of the bond issue beginning in 2009. The discount on the 1993 zero coupon bonds are amortized as accretion (interest expense) over the life of the bonds in the government-wide and in the proprietary fund type financial statements.

8. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt- Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net assets- Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicated it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

8. Equity Classifications (Continued)

Fund Statements (Continued)

The Statutes of the State of Wisconsin require that the surplus/deficit of all departments of the County be determined in accordance with GAAP based on fund financial statements. The amount of any surplus/deficit of the current year is reserved by County Ordinance 32.91(4) a (4) and is used to reduce/increase property tax levy in the subsequent budget period.

The Board of Supervisors may by two-thirds vote, adopt a resolution prior to the adoption of the tax levy authorizing the use of the surplus in whole or in part to retire outstanding general obligation bonds of the County. The Board of Supervisors may also by two-thirds vote adopt a resolution authorizing the surplus to be used to provide funds for emergency needs, as defined under the Statutes. The surplus cannot be used for any other purposes except those stated above.

9. Allowance for Doubtful Accounts

The County's Behavioral Health Division (BHD) provides an allowance for all third-party payers such as Medicare, Medicaid, HMO's, and other types of health insurance. The County's Aging Care Maintenance Organization (Aging CMO) provides an allowance for amounts due from the State in the event a client is not eligible for service reimbursement and for client service copayments. BHD and Aging CMO both adjust revenue in the current year of operations for the difference between billed charges and expected reimbursement. In as much as the adjustment is an estimate, any difference between the amount accrued and the amount settled is recorded in operations in the year of settlement. At December 31, 2008, the total allowance for both BHD and Aging CMO was \$ 13 028. No other allowances for doubtful accounts are maintained since other fund accounts receivable are considered collectable as reported at December 31, 2008. All allowances are netted against receivables for financial statement presentation.

10. Capitalization of Interest

Interest is capitalized on business-type assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. Interest costs related to bond issues are capitalized during the construction period. These costs

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

10. Capitalization of Interest (Continued)

are netted against applicable interest earnings on construction fund investments. During 2008, the amount of capitalized interest was \$ 987.

11. Obligation for Bond Arbitrage Rebate

Pursuant to Section 148(f) of the U. S. Internal Revenue Code, the County must rebate to the United States Government the excess of interest earned from the investment of certain debt proceeds and pledged revenues over the yield rate of the applicable debt. The County uses the "revenue reduction" approach in accounting for rebateable arbitrage. This approach treats excess earnings as a reduction of revenue. There was no liability for rebateable arbitrage as of December 31, 2008.

12. Landfill Post-Closure Costs

Under the terms of current state and federal regulations, the County is required to place a final cover on closed landfill areas, and to perform certain monitoring and maintenance functions for a period of up to thirty years after closure. The County recognizes these costs of closure and post-closure maintenance over the active life of each landfill area, based on landfill capacity used during the period. Required obligations for closure and post-closure costs are recognized in the governmental activities.

13. Pollution Remediation Costs

The Wisconsin Department of Natural Resources has designated the County as the responsible party in the cleanup of petroleum contamination located on County property. The County has recorded a long-term obligation for these pollution remediation costs. These costs are recognized in the governmental activities

14. Capital Contributions

The capital contributions accounted for in the proprietary fund types represent contributions from other funds and state and federal grant programs. The contributions amount is reported after non-operating revenues and expenses on the statement of revenues, expenses, and changes in fund net assets in accordance with GASB Statement 34.

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

15. Unearned Revenues

Deferred revenues reported in the government-wide and proprietary financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues, which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

15. Pension Obligations

Pension expenditures of governmental fund types are recognized on the modified accrual basis; which means that the amount of pension expense recognized is equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. In the government-wide and proprietary financial statements, pension expense is recognized on the accrual basis; which means that the amount recognized in the current period is equal to annual pension cost. The pension obligation/asset represents the difference between the annual required contribution plus interest, net of payments.

16. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances of purchase orders, contracts and other commitments for the expenditure of funds are recorded as reservation of fund balance until expended. Encumbrances are not reflected as expenditures. Encumbrance appropriations are recorded as reservations of fund balance and are liquidated in subsequent years. Every appropriation lapses at December 31, to the extent that it has not been expended or encumbered. Expenditures are recorded and encumbrances are liquidated when the services or materials are received.

17. Claims and Judgments

Claims and judgments are recorded as liabilities when the conditions of Statement of Financial Accounting Standards No. 5 have been met. Claims and judgments are liquidated with expendable available financial resources and are recorded during the year as expenditures in the governmental funds. If they are not liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in

Note 1-Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

17. Claims and Judgments (Continued)

the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

18. Other Post Employment Benefit Obligations

Other Post Employment Benefit (OPEB) expenditures of governmental fund types are recognized on the modified accrual basis; which means that the amount of OPEB expense recognized is equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. In the government-wide and proprietary financial statements, OPEB expense is recognized on the accrual basis; which means that the amount recognized in the current period is equal to annual OPEB cost. The OPEB obligation represents the difference between the annual required contribution plus interest, net of payments.

Note 2- Stewardship, Compliance, and Accountability

Budgetary Information

All County departments are required to submit their annual budget requests for the ensuing year to the County Executive by June 15. The Department of Administration, acting as staff for the County Executive, reviews the requests in detail with the departments during June, July and August. After all of the requests have been reviewed, the County Executive submits his proposed Executive Budget to the Board of Supervisors. County Ordinance requires that this be done on or before October 1. The Board of Supervisors must complete its review and adopt the budget on or before the first Tuesday after the second Monday in November.

All adopted budgets for the governmental funds are prepared in accordance with the modified accrual basis of accounting, except for the treatment of the fund balance- reserve for 2008 appropriations and encumbrances. For budget purposes, fund balance-reserved for 2008 appropriations – is reflected as other financing sources whereas, for accounting purposes, it is reflected as part of fund balance. For budget purposes, encumbrances are recorded as expenditures as opposed to a reservation of fund balance.

The Board of Supervisors legally adopts annual budgets for the general, debt service, capital projects, enterprise and internal service funds. The legal level of budgetary control is by department. For budget purposes, the Debt Service and

Note 2- Stewardship, Compliance, and Accountability (Continued)

Budgetary Information – (Continued)

Capital Projects Funds are considered departments. Once the budget is adopted, transfers of appropriations among departments require approval by the board of supervisors and are permitted only during the last three months of the year. Supplemental appropriations for the purpose of public emergencies may be made from unanticipated revenues received or surplus earned, as defined by resolution adopted by a vote of two-thirds of the members of the board of supervisors. Supplemental appropriations from the issuance of tax anticipation notes require an affirmative vote of three-fourths of the members of the board of supervisors. During the 2008 fiscal year, the Board of Supervisors adopted no supplemental appropriations.

Budgetary Basis of Accounting

The "Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Budgetary Basis)- General Fund " is prepared on a basis consistent with the legally adopted budget. Under this method, encumbrances outstanding are charged to budgetary appropriations and considered as expenditures of the current period. In addition, Fund Balance Reserved for 2008 Appropriations is available for financial expenditures and is reflected as other financing sources (uses). The "Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds" is prepared on a basis consistent with GAAP. Under this method, encumbrances are considered a reservation of fund balance and charged to expenditures in the period in which goods or services are received. Encumbrance amounts at year-end are reflected as a component of the Fund Balance titled "Fund Balance (Deficit) Reserved for Encumbrances".

A reconciliation for the General Fund follows:

	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP Basis	\$ 1,021,206	\$ (60,539)
Encumbrances	9,437	-
Reserved for 2008 Appropriation	-	4,901
Transfers to Component Units	(6,531)	(6,531)
Non-GAAP Budgetary Basis	<u>\$ 1,024,112</u>	<u>\$ (62,169)</u>

Appropriations lapse at year-end except for capital projects, which are carried forward to the subsequent year.

Note 2- Stewardship, Compliance, and Accountability (Continued)

County Tax Rate Limit (Amounts Expressed in Dollars)

Section 59.605 of the Wisconsin Statutes imposes a limit on the property tax rate that the County can impose upon its citizens. Separate limits were imposed for operating levy rates and debt service levy rates of \$ 4.08 per \$ 1,000 of equalized value and \$ 1.42 per \$ 1,000 of equalized value, respectively. For 2008, the County's actual operating and debt service levy rates were \$ 3.05 per \$ 1,000 of equalized value and \$ 0.83 per \$ 1,000 of equalized value, respectively.

Note 3- Deposits and Investments

The majority of the deposits and investments of the Primary Government, excluding the Pension Trust Fund, are maintained in a pool of cash and investments in which each fund participates on a dollar equivalent basis. Interest is distributed monthly to certain trust and funds, which have been designated as interest earning funds. The remaining investment earnings are provided as an offset to costs for the government as a whole. A "zero balance account" mechanism provides for the sweep of deposits made to bank accounts and the payment for checks presented against accounts. The Primary Government, excluding the Pension Trust, then makes a decision to either transfer funds to an investment manager for the purchase of government securities, or to maintain the funds in the financial institution. Funds sent to the investment manager are used to purchase investments that meet the County's investment policy and State Statute requirements. The net funds maintained at the financial institution will earn a guaranteed rate of return set to the current market LIBOR rates. The funds maintained at the financial institution are secured by collateral in the County's name at a Federal Reserve Bank.

The following information presents the deposits and investments of the Primary Government, excluding the pension trust fund. The pension trust fund is presented at the end of the footnote, and will be designated as "Pension Trust Fund".

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Note 3- Deposits and Investments (Continued)

Reconciliation of Cash and Investments:

Statement of Net Assets:

Cash and Investments	\$ 210,434
Cash and Investments- Restricted	68,799
Subtotal	279,233

Statement of Fiduciary Net Assets:

Cash and Investments	
Pension Trust Fund	1,156,577
Agency Fund	21,963
Total	\$ 1,457,773

Deposits-County/Agency	\$ 102,900
Investments-County/Agency	198,296
Pension Deposits	17,886
Pension Investments	1,138,691
Total	\$ 1,457,773

Cash Deposits

The carrying amount of the County's deposits at December 31, 2008 was \$ 102,900 and the bank balance was \$ 104,500.

Custodial Credit Risk-Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to cover collateral securities that are in the possession of an outside entity. Interest bearing deposits with banks are insured by the FDIC in the amount of \$ 250. Non-interest bearing deposits are insured by the FDIC at full value. The State Deposit Guarantee Fund insures deposits up to a total of \$ 400 per entity, not per banking institution. The County does not have a deposit policy for custodial credit risk. Of the \$ 104,500 of deposits with financial institutions, \$ 6,569 was covered by Federal depository insurance and State governmental insurance, subject to availability of funds in the State's Deposit Guarantee Fund and \$ 94,331 was collateralized with government securities held in a separate financial institution in the County's name, and \$ 3,600 was uninsured, uncollateralized, or exposed to custodial credit risk.

Investments

The County's investment policy applies to all financial assets held or controlled by Milwaukee County, other than pension fund assets, consistent with the intent of State of Wisconsin Statutes (S.66.0603(1m)) and Milwaukee County Ordinance.

Note 3- Deposits and Investments (Continued)

Investments (Continued)

The primary objectives of the County's Statement of Investment Policies is to preserve and protect investment principal, maximize the return on the investment portfolio, and to avoid assuming unreasonable investment risk. The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and liquidity needs. The County's investment portfolio will remain sufficiently liquid to enable the County to meet reasonably anticipated day-to-day operating requirements. The County will employ mechanisms to control risk and diversify its investments with respect to specific security types or individual security issuers.

As of December 31, 2008 the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
U S Agency	\$ 42,777
Government Agency Guaranteed Adjustable Rate Securities	17,467
Government Guaranteed Adjustable Rate Securities	5,620
U S Treasuries	55,032
AAA Municipal Bonds	10,105
Asset Backed Securities	2,420
Guaranteed Investment Contracts	8,111
Corporate Bonds	8,290
Money Market Cash Equivalents	36,978
Certificates of Deposit	8,180
Futures Hedge Contract with Commodities Broker	3,316
Total	\$ 198,296

In its normal course of operations, the Transit System enters into futures contracts for heating oil as a hedge for its diesel fuel purchases. The aggregate fair value of these hedging derivative instruments in asset positions at December 31, 2008 was \$ 2,809. This represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. This maximum exposure is reduced by \$ 3,316 for collateral held with the counterparty, resulting in no credit risk to the County. The County has one contract for hedging derivative instruments with a single counterparty: Transit System hedge on diesel fuel. This counterparty is not rated. The County is exposed to basis risk on the hedging derivative instruments because the expected commodity purchase being hedged will price based on a pricing point different than the pricing point at which the futures contract is expected to settle.

Note 3- Deposits and Investments (Continued)

Custodial Credit Risk-Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are held by the counterparty's trust department or with its agent in the County's name. The County's investment policy states that all securities shall be properly designated as an asset of Milwaukee County and held in safekeeping by a third-party custodial bank or other third-party custodial institution, chartered by the United States Government or the State of Wisconsin and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the County Treasurer or a designee. The County does not have any investments exposed to custodial credit risk.

Interest Rate Risk-Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the County's investment policy, the County attempts to match its investments with anticipated cash flow requirements to the extent possible. In the absence of individual security maturity limitations specified in the Wisconsin State Statutes, the County does not directly invest in securities maturing more than ten years from the date of purchase. For adjustable rate securities, the time to coupon reset is used as the effective maturity period.

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Note 3- Deposits and Investments (Continued)

Interest Rate Risk-Investments (Continued)

As of December 31, 2008, the County had the following investments and maturities:

Investment Type	Investment Maturities (In Years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U S Agency	\$ 42,777	\$ 1,031	\$ 28,879	\$ 6,223	\$ 6,644
Government Agency Guaranteed Adjustable Rate Securities	17,467	-	17,467	-	-
Government Guaranteed Adjustable Rate Securities	5,620	5,620	-	-	-
U S Treasuries	55,032	200	36,715	18,117	-
AAA Municipal Bonds	10,105	-	10,105	-	-
Asset Backed Securities	2,420	-	2,420	-	-
Guaranteed Investment Contracts	8,111	-	-	-	8,111
Corporate Bonds	8,290	-	6,746	1,544	-
Money Market Cash Equivalents	36,978	36,978	-	-	-
Certificates of Deposit	8,180	8,180	-	-	-
Futures Hedge Contract with Commodities Broker	3,316	3,316	-	-	-
Totals	\$ 198,296	\$ 55,325	\$ 102,332	\$ 25,884	\$ 14,755

Credit Risk-Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit quality rating of a security (rated by Moody's Investor Service or Standard & Poor's) gives an indication of the degree of credit risk for that security. Listed below are the County's investments with the corresponding credit quality ratings: The County does not have an investment policy pertaining to credit risk.

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Note 3- Deposits and Investments (Continued)

Credit Risk-Investments (Continued)

Investment Type	Fair Value	Standard & Poor's	Moody's Investor Service
U S Agency	\$ 42,777	AAA	Aaa
Government Agency Guaranteed			
Adjustable Rate Securities	17,467	AAA	Aaa
Government Guaranteed Adjustable		AAA	
Rate Securities	5,620	AAA	Aaa
U S Treasuries	55,032	AAA	Aaa
AAA Municipal Bonds	10,105	AAA	Aaa
Municipal Adjustable Rate Notes	2,420	AAA	Aaa
Guaranteed Investment Contracts	8,111	N/A	N/A
Corporate Bonds	8,290	AAA	Aaa
Money Market Cash Equivalents	36,978	AAA	Aaa
Certificates of Deposit	8,180	N/A	N/A
Futures Hedge Contract with			
Commodities Broker	3,316	N/A	N/A
Total	\$ 198,296		

Concentration of Credit Risk-Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County's written investment policy states that investments held by the County shall be diversified to control the risk of loss resulting from over concentration of investments in a specific maturity, issuer, instrument/and or class of instrument(s), and dealers through whom securities are brought and sold. The County's written investment policy also places limits on the percentage of the portfolio that may be invested in each type of investment. The following percentage ranges of portfolio investments apply to the investment categories currently allowed by Wisconsin Statute:

- Time and other Money Market deposits of banks, savings banks, trust companies, savings and loans, credit unions, regulated by the Securities and Exchange Commission 0-50%
- U. S. Treasury and Other Federal agency/instrumentality securities 0-100%
- Corporate securities, including commercial paper 0-25%
- Municipal securities 0-25%
- Local Government Pooled Investment Fund of the State Investment Board 0-50%
- Repurchase agreements with public depository institutions (only) and where specific and appropriate collateral is provided 0-50%
- Securities of an open-end management investment company or investment trust, investing in statutorily allowed securities 0-25%
- All other security types, when and if authorized in the future by amendment to Wisconsin statute 0-25%

Note 3- Deposits and Investments (Continued)

Concentration of Credit Risk-Investments (Continued)

Note: It is understood that on an occasional and short-term basis, usually less than a month, it may be necessary to exceed the 50% maximum investment, per institution in the Local Governmental Pooled Investment Fund of the State Investment Fund.

The County's investment policy also limits the use of reverse repurchase agreements to transactions with commercial banks located in the State of Wisconsin to a period of time no longer than 14 days. The County enters into reverse repurchase agreements for cash flow purposes only.

At December 31, 2008, the County is not exposed to a concentration of credit risk.

Cash Deposits-Pension Trust Fund

The carrying amount of Pension Trust Fund deposits at December 31, 2008 was \$ 17,886 and the bank balance was \$ 19,775.

Custodial Credit Risk Deposits-Pension Trust Fund

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pension Trust Fund will not be able to recover the value of its deposits. Interest bearing deposits with banks are insured by the FDIC in the amount of \$ 250. Non-interest bearing deposits are insured by the FDIC at full value. The State Deposit Guarantee Fund insures deposits up to a total of \$ 400 per entity, not per banking institution. As of December 31, 2008, all deposits with banks are fully insured by the Federal Depository Insurance Corporation or the State Deposit Guarantee Fund. The Pension Trust Fund does not have a formal policy pertaining to custodial credit risk.

Investments-Pension Trust Fund

The Pension Board has exclusive control and management responsibility of the Pension Trust Funds and full power to invest the funds. In exercising its fiduciary responsibility, the Board is governed by the "prudent person" rule in establishing investment policy. The "prudent person" rule, requires the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to permanent disposition of their funds, considering the probable income as well as the probable safety of the principal.

Note 3- Deposits and Investments (Continued)

Investments-Pension Trust Fund (Continued)

Investments in primarily stocks, bonds, certain government loans and mortgage-backed certificates, are stated at quoted fair value. Temporary cash investments are valued at cost, which approximated fair value. Investments in venture capital partnerships are valued at estimated fair value, as provided by the Pension Trust Fund's venture capital investment manager. Investment transactions are recorded on the trade date. Realized gains and losses are computed based on the average cost method.

As of December 31, 2008 the Pension Trust Fund had the following investments:

Investment Type	Fair Value
Domestic Common and Preferred Stocks	\$ 310,136
Corporate Bonds and Conv Debentures	513,171
International Common and Preferred Stocks	168,795
Federal Agency and Mortgage-Backed Certificates	53,469
International Fixed Income	23,777
US Government, State Obligations	19,441
Real Estate Investments Trusts	31,828
Private Equity	18,074
Total	\$ <u>1,138,691</u>

Custodial Credit Risk-Investments-Pension Trust Fund

Custodial credit risk for investments is the risk that, in the event a counterparty fails, the Pension Trust Fund will not be able to recover the value of investments or securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the Pension Trust Fund's name and are held by the counterparty. Substantially all of the assets of the Pension Trust Fund are held in its name. Repurchase agreements held by the Pension Trust Fund are essentially collateralized overnight loans, with the securities held by the counterparty as collateral. These securities are held by the counterparty but not in the Pension Trust Fund's name. As of December 31, 2008, \$ 1,870 of the collateral for the repurchase agreements was exposed to custodial risk because it is held outside of the trust's name. The Pension Trust Fund does not have a formal policy for custodial credit risk.

Note 3- Deposits and Investments (Continued)

Interest Rate Risk-Investments Pension Trust Fund

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of an investment's sensitivity to changes in interest rates. The higher the duration, the greater the changes in fair value when interest rates change. The Option-Adjusted Duration for a security is the percentage price sensitivity to interest rate changes of 100 basis points (or 1.0%). For example, an Option-Adjusted Duration of 5.20 means that the price of the security should fall approximately 5.20% for a 1.0% rise in the level of interest rates. Conversely, the price of a security should rise approximately 5.20% for a 1.00% fall in the level of interest rates. Interest rate changes will affect securities with negative durations in the opposite direction. The Option-Adjusted Duration method of measuring duration takes into account the embedded options on cash flows. The Pension Trust Fund does not have a formal policy that limits investment maturities as a means of managing exposure to losses arising from increasing interest rates with the exception of the cash equivalent portfolio. The investment policy limits the duration of individual securities held in the cash equivalent portfolio to 2.5 years. In addition, the duration of the entire cash equivalent portfolio should be between 1 and 2 years.

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Note 3- Deposits and Investments (Continued)

Interest Rate Risk-Investments Pension Trust Fund (Continued)

As of December 31, 2008 the Pension Trust Fund had the following option-adjusted durations for the fixed income investment:

<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>Option Adjusted Duration (In Years)</u>	<u>Fixed Income Sector</u>	<u>Fair Value</u>	<u>Option Adjusted Duration (In Years)</u>
ABS-Airplane Receivables	\$ 3,511	0.45	House Related	\$ 5,243	4.66
ABS-Car Loan	1,098	0.87	Industrial	43,456	5.49
ABS-Credit Cards	1,564	1.80	Insurance	2,258	8.87
ABS-Equipment	220	1.58	International Corporate Bonds	4,874	1.13
ABS-Home Equity	327	0.01	International Government Bonds	3,285	3.90
Automobiles & Components	78	4.08	Mining	1,562	11.13
Banking & Finance	30,257	4.80	News/Media	6,414	12.02
BSDT Reserve Deposit Accts.	337	0.00	Oil & Gas	12,266	7.39
Capital Goods	177	3.65	Other Corporate Bonds	681	4.28
Chemicals	63	7.09	Paper & Forest Products	981	0.61
CMO-U.S. Agencies	1,116	5.49	Pvt Placements-More than 1 yr	8,037	5.59
CMO-Comm/Corp	15,686	1.42	Retail	2,065	9.12
Commingled Fds Cash Equivalents	38,637	0.08	Supranational issues	1,373	11.46
Convertible Bonds	5,640	1.20	Taxable Municipals	1,126	7.08
FHLMC Multiclass	17,011	3.51	Technology	1,144	4.98
FHLMC Pools	3,678	2.41	Transportation	5,323	3.93
FNMA Pools	14,218	2.67	U.S. Agencies	2,955	1.51
FNMA REMIC	13,680	3.58	U.S. Governments	19,441	7.49
Food Beverage & Tobacco	376	10.63	Utility-Electric	14,511	5.94
Food Products	93	6.74	Utility-Gas	2,526	6.21
Govt of Canada-Direct	2,622	1.87	Utility-Telephone	16,123	7.17
Health Care	6,632	5.49	Yankee Bonds	795	6.45
Household Products	91	5.80	Other*	313,600	N/A
Sub-total	\$ 157,112		Sub-total	\$ 470,039	
			Total	\$ 627,151	

* Represents \$ 312,542 invested in bond mutual fund, \$ 809 GNMA Single Family Pools and \$249 CMO-Comm/Corp for which the duration was not available.

Credit Risk-Investments-Pension Trust Fund

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investor Services (Moody's), Standard & Poor (S & P) and Fitch Ratings (Fitch's). With the exception of the Loomis Sayles-High Yield and the MCM Aggregate Bond portfolios, bonds purchased and owned in each portfolio must have a minimum quality rating of Baa3 (Moody's) or BBB- (S & P and Fitch's). The average quality

Note 3- Deposits and Investments (Continued)

Credit Risk-Investments-Pension Trust Fund (Continued)

of each portfolio must be A or better. For Loomis Sayles-High Yield, bonds must have a minimum quality rating of B3 (Moody's) or B- (S & P and Fitch's) at the time of purchase. The fixed income securities for the MCM Aggregate Bond portfolio should have a minimum quality rating of A, with the exception of 15% of the portfolio, which may have a minimum quality rating of BBB.

As of December 31, 2008 the Pension Trust Fund had the following credit quality ratings of investments in fixed income securities as recognized by Moody's Investor Services:

<u>Moody's Quality Ratings</u>	<u>Fair Value</u>
AAA	\$ 19,958
AA1	3,981
AA2	1,779
AA3	4,072
A1	7,574
A2	34,140
A3	9,342
BAA1	19,878
BAA2	21,971
BAA3	29,812
BA1	4,336
BA2	4,211
BA3	14,303
B1	12,969
B2	5,535
B3	1,378
CAA1	7,936
CAA2	397
CA	394
C	1,023
NR	19,417
Total Credit Risk Fixed Income Securities	\$ 224,406
U.S. Government and Agencies	72,910
Mutual Funds (Not Rated)	312,542
Total Investment in Fixed Income	\$ 609,858

Concentration of Credit Risk-Investments-Pension Trust Fund

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer, generally investments in any one issuer that represents five (5) percent or more of total investments. Investments issued or explicitly guaranteed by the U. S. Government and investments in mutual funds,

Note 3- Deposits and Investments (Continued)

Concentration of Credit Risk-Investments-Pension Trust Fund (Continued)

external investment pools, and other pooled investments are excluded from this definition. For the year ending December 31, 2008, the Pension Trust Fund has no investments in one issuer other than U.S. Government securities and mutual funds that exceed five (5) percent of total plan net assets.

Foreign Currency Risk Investments-Pension Trust Fund

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or deposit. The Pension Trust Fund's exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments.

As of December 31, 2008 the Pension Fund had the following investments exposed to foreign currency risk:

Current Unit	Equity Incl Private Equity	Fixed Income Incl Conv Deb	Cash and Cash Equivalents	Total
Australian Dollar	\$ 2,912	\$ 1,604	\$ -	\$ 4,516
Brazilian Real	-	1,001	-	1,001
British Pond Sterling	1,392	-	-	1,392
Canadian Dollar	497	3,016	-	3,513
Euro Currency Unit	2,887	-	13	2,900
Hong Kong Dollar	4,112	-	-	4,112
Iceland Krona	-	979	-	979
Japanese Yen	5,971	-	-	5,971
Mexican New Paso	-	2,175	-	2,175
New Zealand Dollar	-	214	-	214
Singapore Dollar	787	178	-	965
South Korean Won	-	1,219	-	1,219
Swedish Krona	306	-	-	306
Swiss Franc	274	-	108	382
Thailand Baht	-	1,393	-	1,393
Totals	\$ 19,138	\$ 11,779	\$ 121	\$ 31,038

The Pension Trust Fund does not have a policy for foreign currency risk.

Note 4- Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectibles accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:				
Accounts	\$ 25,578	\$ 50	\$ -	\$ 25,628
Taxes:				
Current Levy	258,479	-	-	258,479
Delinquent	15,850	-	-	15,850
Interest	6,744	-	-	6,744
Notes	968	1,926	-	2,894
Other	14,230	-	109	14,339
Due from Other Governments	<u>44,124</u>	<u>-</u>	<u>490</u>	<u>44,614</u>
Gross Receivables	340,395	1,926	599	342,920
Less: Allowance for				
Uncollectibles	<u>(13,028)</u>	<u>-</u>	<u>-</u>	<u>(13,028)</u>
Net Total Receivables	<u>\$ 327,367</u>	<u>\$ 1,926</u>	<u>\$ 599</u>	<u>\$ 329,892</u>

Of the delinquent taxes receivable of \$ 15,850, \$ 8,655 are not expected to be collected within one year.

At December 31, 2008 accounts receivable of the Enterprise funds are as follows:

	<u>Airport</u>	<u>Transit System</u>	<u>Total</u>
Receivables:			
Accounts	\$ 6,874	\$ 81	\$ 6,955
Other	79	3,414	3,493
Due from Other Governments	<u>-</u>	<u>5,052</u>	<u>5,052</u>
Total Receivables	<u>\$ 6,953</u>	<u>\$ 8,547</u>	<u>\$ 15,500</u>

All amounts are expected to be collected within one year. As of December 31, 2008 no amounts are deemed uncollectible.

Note 4- Receivables (Continued)

The gross amount of notes receivable consisted of the following at December 31, 2008:

General Fund	\$ 968
Debt Service Fund	1,926
Total	\$ 2,894

Amounts Due Within One Year	\$ 1,134
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Amounts Due In More Than One Year	\$ 1,760
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Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental and proprietary funds were as follows:

Unearned Revenue - Governmental Activities:

2008 Property Tax Levy	\$ 257,637
Delinquent Tax Receivables	7,300
State and Federal Revenue Unavailable for Current Expenditures	19,434
Other Unearned Revenue	3,912
Deferred Credits - Behavioral Health	113
Total Deferred Revenue	\$ 288,396
Deferred Credits - Public Works Services	230
Less: Amounts Earned but Not Available	(12,814)
Net Unearned Revenue	\$ 275,812

Unearned Revenue - Business-Type Activities:

Airport - Lease Revenue	\$ 7,502
Deferred Credits - Transit	3,284
Total Unearned Revenue	\$ 10,786

Note 5- Capital Assets

Primary Government

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2008.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 59,520	\$ 1	\$ -	\$ 59,521
Construction in progress	18,087	6,520	(16,351)	8,256
Total Capital Assets, not being Depreciated	77,607	6,521	(16,351)	67,777
Capital Assets, Being Depreciated				
Land Improvements	230,213	11,626	(431)	241,408
Buildings	584,632	14,374	(593)	598,413
Fixed Equipment Buildings	49,180	850	(3,092)	46,938
Infrastructure	138,062	15,480	(3,430)	150,112
Machinery and Equipment	90,214	3,497	(4,594)	89,117
Vehicles and Related Equipment	38,975	9,715	(1,570)	47,120
Furniture and Fixtures	2,703	3,145	(90)	5,758
Total Capital Assets, Being Depreciated	1,133,979	58,687	(13,800)	1,178,866
Less: Accumulated Depreciation				
Land Improvements	(120,505)	(7,328)	430	(127,403)
Buildings	(297,475)	(16,003)	576	(312,902)
Fixed Equipment Buildings	(28,413)	(2,040)	3,104	(27,349)
Infrastructure	(59,202)	(7,377)	3,431	(63,148)
Machinery and Equipment	(58,685)	(7,105)	4,553	(61,237)
Vehicles and related Equipment	(25,830)	(2,307)	1,497	(26,640)
Furniture and Fixtures	(783)	(68)	108	(743)
Total Accumulated Depreciation	(590,893)	(42,228)	13,699	(619,422)
Net Capital Assets Being Depreciated	543,086	16,459	(101)	559,444
Governmental Activities Capital Assets- Net	\$ 620,693	\$ 22,980	\$ (16,452)	\$ 627,221

Governmental activities capital assets, net of accumulated depreciation, at December 31, 2008 are comprised of the following:

General Capital Assets, Net	\$ 568,516
Internal Service Fund Capital Assets, Net	58,705
Total	\$ 627,221

Note 5- Capital Assets (Continued)

Primary Government (Continued)

Depreciation was charged to governmental functions as follows:

Governmental Activities:

Legislative and Executive, and Staff	\$	4,418
Courts and Judiciary		39
General Governmental Services		61
Public Safety		6,200
Public Works and Highways		13,369
Human Services		3,899
Parks, Recreation, and Culture		14,242
Total	\$	<u>42,228</u>

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2008.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets, not being Depreciated				
Land	\$ 21,366	\$ 1	\$ -	\$ 21,367
Construction in progress	16,446	20,034	(22,725)	13,755
Total Capital Assets, not being Depreciated	<u>37,812</u>	<u>20,035</u>	<u>(22,725)</u>	<u>35,122</u>
Capital Assets, Being Depreciated				
Land Improvements	141,544	10,252	-	151,796
Buildings	165,517	2,623	-	168,140
Fixed Equipment Buildings	164,978	10,149	(60)	175,067
Machinery and Equipment	11,670	1,012	-	12,682
Vehicles and Related Equipment	154,656	288	(17,397)	137,547
Furniture and Fixtures	2,409	56	(2)	2,463
Total Capital Assets, Being Depreciated	<u>640,774</u>	<u>24,380</u>	<u>(17,459)</u>	<u>647,695</u>
Less: Accumulated Depreciation				
Land Improvements	(86,120)	(4,975)	-	(91,095)
Buildings	(103,275)	(2,975)	-	(106,250)
Fixed Equipment Buildings	(21,575)	(6,984)	-	(28,559)
Machinery and Equipment	(5,532)	(1,329)	-	(6,861)
Vehicles and related Equipment	(100,242)	(10,577)	16,860	(93,959)
Furniture and Fixtures	(1,550)	(86)	1	(1,635)
Total Accumulated Depreciation	<u>(318,294)</u>	<u>(26,926)</u>	<u>16,861</u>	<u>(328,359)</u>
Net Capital Assets Being Depreciated	<u>322,480</u>	<u>(2,546)</u>	<u>(598)</u>	<u>319,336</u>
Business-type Activities Capital Assets- Net	<u>\$ 360,292</u>	<u>\$ 17,489</u>	<u>\$ (23,323)</u>	<u>\$ 354,458</u>

Note 5- Capital Assets (Continued)

Primary Government (Continued)

Depreciation was charged to business-type activities as follows:

Airport	\$	14,107
Transit System		<u>12,819</u>
Total	\$	<u>26,926</u>

Discretely Presented Component Units

Of the County's four component units, two have reportable capital assets, the Marcus Center for the Performing Arts, the Milwaukee Public Museum.

The capital assets of the Marcus Center for the Performing Arts consist of the following:

Building Improvements	\$	16,943
Parking Structure and Improvements		2,447
Furniture and Fixtures		75
Equipment and Computers		1,826
Less: Accumulated Depreciation		<u>(10,773)</u>
Capital Assets, Net	\$	<u>10,518</u>

The capital assets of the Milwaukee Public Museum consist of the following:

Building additions and improvements	\$	19,221
Furniture, equipment and exhibits improvements		10,619
Less: Accumulated depreciation		<u>(10,674)</u>
Capital Assets, Net	\$	<u>19,166</u>

Construction Commitments

Following is a list of major capital projects either started or continuing in 2008. These reflect projects for both governmental funds and proprietary funds.

<u>Project Area</u>	<u>Project Description</u>	<u>2008 Appropriations</u>	<u>2008 Expenditures</u>	<u>Committed</u>
Airport	In-Line Baggage Screening	\$ 9,273	\$ 5,258	\$ 692
Airport	"C" Concourse Four Gate Expansion	3,331	1,913	889
Airport	Terminal HVAC Equipment Replacement	2,855	1,877	936
Airport	Runway Safety Area- NEPA Comp	6,947	1,345	5,043
Airport	Cargo Way Reconstruction	2,205	1,163	225

Note 5- Capital Assets (Continued)

Construction Commitments (Continued)

<u>Project Area</u>	<u>Project Description</u>	<u>2008 Appropriations</u>	<u>2008 Expenditures</u>	<u>Committed</u>
Airport	E Concourse Stern Remodel	\$ 2,585	\$ 793	\$ 777
Airport	Airfield Pavement Rehabilitation	911	662	7
Airport	Runway Safety Improvement	799	596	-
Airport	Replacement of Taxiway M from Taxiway B to Taxiway E	846	560	51
Airport	Air Cargo Building Roof Replacement	874	490	74
Airport	Equipment Storage Building	893	488	282
Airport	Lawrence J Timmerman Runway and Taxiway Rehabilitation	478	392	43
Airport	Terminal Mall and Ticketing Recarpeting	981	380	243
Airport	Compressed Natural Gas Facility	368	347	3
Airport	Stormwater Box Tunnel Repairs	583	344	163
Airport	Security and Wildlife Deterrent Perimeter Fencing	357	296	-
Airport	Terminal Mall Public Restroom Renovation	341	283	42
Airport	Part 150 Noise Study	331	186	31
Airport	Security System Fiber Optic Cable Replacement	278	184	65
Airport	Master Plan Update	460	129	292
Airport	Terminal Road Reconstruction	266	123	-
Airport	South Maintenance Road	910	114	-
Airport	Firehouse Road Replacement	232	95	-
Airport	Phase I Mitigation Program	2,118	62	7
Airport	"D" Concourse Improvements	288	50	9
Central Services	County Grounds East Water Tower Replacement	646	484	169
Central Services	"C" Building Roof Replacement	557	142	-
Central Services	County Grounds West Water Tower Replacement	897	61	777
Courthouse Complex	Building Automation and Access Control Upgrade	469	452	15
Courthouse Complex	Courts Videoconferencing Replacement	462	393	6
Courthouse Complex	Courthouse Annex Renovation	583	375	40
Courthouse Complex	Courtroom Bullet Resistant Glass Wall	236	234	3
Courthouse Complex	Criminal Justice Facility Inmate Elevator Upgrade	218	188	22
Courthouse Complex	Courthouse Restroom Renovation	287	184	39
Courthouse Complex	Medical Examiner Molecular Toxicology Laboratory Equipment	171	176	-
Courthouse Complex	Courthouse Roof Replacement	211	126	8
Courthouse Complex	Courthouse Complex HVAC System	108	54	1
Environmental	Countywide Sanitary Sewers Replace	1,591	1,000	297
Environmental	Bradford Beach Storm Water Outfalls Relocation	1,022	852	85
Environmental	Pond and Lagoon Demonstration	589	284	289
Environmental	McKinley Beach SW Outfall	638	177	475
Highways	West Good Hope Road	5,195	4,346	768
Highways	Mill Road 91st to South 45	3,155	2,458	655
Highways	Milwaukee River Parkway Bridge #647	2,232	1,881	1,689
Highways	Reconstruct Hampton from 92nd	4,539	1,778	325
Highways	South 76th Street Bridge Over West Forest Home Avenue	952	803	-
Highways	Oak Creek Parkway Bridge 741 Over Oak Creek	1,181	725	762
Highways	South 76th Street West Parkview Drive	698	611	278
Highways	West Rawson Avenue South 6th Street to South Ash Street	153	513	-

Note 5- Capital Assets (Continued)

Construction Commitments (Continued)

Project Area	Project Description	2008 Appropriations	2008 Expenditures	Committed
Highways	Honeycreek Parkway Bridges #780	\$ 439	\$ 507	\$ -
Highways	West Silver Spring Drive North 124th	885	432	52
Highways	Honeycreek Bridge #779	329	426	-
Highways	Reconstruct North Port Washington Road	66	233	-
Highways	West Oklahoma Avenue, West Beloit	(7)	218	-
Highways	West Good Hope Road Little Menominee	334	140	8
Highways	West Good Hope Road- North 107th Street North Port Road	140	82	68
Highways	West Rawson Avenue South 27th Street to South 6th Street	8	76	8
Highways	West Hampton 60th to North 124th	91	61	-
Highways	East College/ South Howell to Penn	511	58	33
Highways	Reconstruct County Trunk Highway "V" South 13th	1,033	51	21
House of Correction	House of Corrections Fire Suppression System	685	608	49
House of Correction	Laundry Equipment Replacement	495	149	-
House of Correction	Kitchen Equipment Replacement	130	112	6
Human Services	Monitor/Defibrillator "E" Series Implementation	556	540	-
Human Services	Vliet Exterior Improvement	546	454	90
Human Services	Wilson-Fire Alarm System & Elevator	388	290	5
Human Services	Rose Senior Center- Fire Alarm System/ Passenger Elevator	392	263	26
Human Services	Coggs Center Electrical Substation Replacement	937	126	426
Human Services	Kelly-Bathroom Renovations Basic	157	124	19
McKinley Marina	McKinley Marina Seawall Improvements	1,273	701	29
McKinley Marina	Coast Guard Station Demolition and Pavilion Construction	432	420	-
McKinley Marina	McKinley Marina Redevelopment	25	128	-
Museum	Electrical Distribution Replacement	952	215	176
Museum	Alcohol Specimen Storage Relocation	245	78	146
Museum	Museum Air Handling and Piping Replacement	828	57	143
Other Agencies	Fleet Airport Equipment Acquisitions	12,191	11,599	431
Other Agencies	Fleet Parks Equipment Acquisitions	1,207	1,097	46
Other Agencies	Fleet General Equipment Acquisitions	1,409	907	503
Other Agencies	War Memorial HVAC Replacement	1,009	881	87
Other Agencies	Milwaukee County Historical Society Renovation	2,292	543	1,507
Other Agencies	Rewire County Facilities	458	382	61
Other Agencies	Root River Parkway Road- College & 92nd Street	293	282	21
Other Agencies	County Special Assessments	265	241	-
Other Agencies	Fleet Sheriff Equipment Acquisitions	242	231	-
Other Agencies	Centralized Disc to Disc Backup	212	204	1
Other Agencies	Marcus Center Ballroom Operable Partition Replacement	200	197	3
Other Agencies	War Memorial Center Renovation	212	175	-
Other Agencies	Countywide Technical Infrastructure Improvements	205	169	-
Other Agencies	Connect Computer Room Uninterruptible Power Supply	180	165	-
Other Agencies	Fiber Backbone Construction and Installation	204	161	102
Other Agencies	Milwaukee County Inclusive Housing Fund	1,749	158	-
Other Agencies	Capital Monitoring Database System	557	157	395
Other Agencies	Security Cameras in Criminal Justice Facility	167	96	57

Note 5- Capital Assets (Continued)

Construction Commitments (Continued)

Project Area	Project Description	2008 Appropriations	2008 Expenditures	Committed
Other Agencies	Art Museum Electrical Distribution System Replacement	\$ 521	\$ 91	\$ 70
Other Agencies	Transportation Billing System	90	89	-
Other Agencies	In Squad Cameras- Vision Hawk Digital	196	86	-
Other Agencies	Wil-O-Way Grant Floor Replacement	104	73	31
Other Agencies	Rebuild the Electronics Room in Communications Center	65	62	-
Parks	Lincoln Park Aquatic Center Phase Two	2,587	1,683	1,297
Parks	Wilson Park Recreation Center	1,216	1,156	65
Parks	Currie Park Irrigation	1,303	678	-
Parks	Lincoln Park Family Aquatic Center	902	605	95
Parks	Countywide Play Area Redevelopment Program	492	486	24
Parks	South Shore Bike Trail	450	469	-
Parks	McCarty Park Bathhouse Renovations	426	398	28
Parks	Dineen Park Aquatic Splash Pad	367	368	1
Parks	Mitchell Park Domes Structural Repairs and Painting	384	363	19
Parks	Boerner Gardens Irrigation System	340	305	26
Parks	Countywide Trail and Hard Surface Replacement Program	290	304	-
Parks	Currie Golf Course Irrigation	339	294	7
Parks	McCarty Park Pool Entryway Concessions	190	190	-
Parks	Madison Park Splash Pad Construction	480	174	252
Parks	Dineen Park Bath House Renovation	204	173	25
Parks	Washington Park Splash Pad	540	163	320
Parks	Dretzka Park Golf Course Irrigation	150	145	-
Parks	Martin Luther King Junior Recreation Center Improvements	146	128	12
Parks	Jackson Picnic Comfort Building	119	116	-
Parks	Dretzka Golf Course Construction	129	116	13
Parks	Oak Leaf Trail- Kohl Park	1,015	88	2
Parks	Lincoln Blatz Building Roof	179	81	2
Parks	Mitchell Park Greenhouse	503	81	115
Parks	McCarthy Park Pool Utility Tunnel and Concrete Replacement	92	81	-
Parks	Kosciuszko Acoustical Panels	61	73	-
Parks	Menomonee River Streambank	123	69	19
Parks	Wilson Park Diving Pool Liner	81	67	-
Parks	Oakwood, Whitnall and Brown Deer	60	67	-
Parks	Kosciuszko Gym Floor	79	64	-
Parks	Brady Street Bridge Ramp	60	63	-
Parks	Oak Leaf Trail- West Congress	509	54	-
Parks	Sheridan Park Wading Pool and Dressing Wall Replacement	54	54	-
Parks	Lake Park Lions Bridge	260	53	11
Transit	Diesel Pump & UST Piping-Fond Du Lac Garage	332	332	-
Transit	Roof Replacement at Downtown Transit Center	168	146	3
Transit	Roof Top Air Handling Unit Replacement	64	63	-
Zoo	Apes of Africa Cladding	478	447	14
Zoo	Admission Booth Replacement	294	218	97
Zoo	Pachyderm Corridor Roof Replacement	155	111	32

Note 5- Capital Assets (Continued)

Construction Commitments (Continued)

Project Area	Project Description	2008 Appropriations	2008 Expenditures	Committed
Zoo	Pachyderm Door Replacement	\$ 120	\$ 109	\$ 4
Zoo	Winter Quarters Stall Resilient Flooring	112	104	5
Zoo	Small Mammal Renovations	92	89	-
Zoo	Electrical Distribution System	86	86	-
Zoo	Anaconda/Iguana Exhibit Renovation	84	84	-
Zoo	Feline Building Renovation	63	63	-
Zoo	North American Barn Roof Replacement	54	52	-

Capital outlays are reported as expenditures in the governmental funds and bond proceeds are reflected as revenue for projects built on behalf of the governmental funds. However, in the statement of activities, the cost of capital assets built for the governmental funds is allocated over their useful lives as depreciation expense, and the bond proceeds are no longer a revenue but an increase in the long-term liabilities. Similarly, the governmental funds also report the expenditures and associated revenues of building proprietary fund assets. However, in the statement of activities, the cost of building proprietary fund assets is reclassified as transfers between governmental and business-type activities.

Note 6- Interfund Transfers

The composition of interfund transfers as of December 31, 2008 is as follows:

Transfers From							
Transfers In	General Fund	Capital Projects Fund	Business Type Airport	Business Type Transit	Internal Service IMSD	Internal Service DPW	Total
General Fund	\$ -	\$ 1,763	\$ 2,758	\$ 284	\$ 917	\$ 1,470	\$ 7,192
Debt Service	47,758	-	-	-	-	-	47,758
Internal Service							
Risk Management	643	-	-	-	-	-	643
IMSD	166	-	-	-	-	-	166
DPW	3,573	-	-	-	-	-	3,573
Business-type							
Airport	97	-	-	-	-	-	97
Transit	19,048	-	-	-	-	-	19,048
Total	\$ 71,285	\$ 1,763	\$ 2,758	\$ 284	\$ 917	\$ 1,470	78,477
Less: Government-wide eliminations							(62,374)
Total Transfers- Government-wide Statement of Activities							\$ 16,103

Note 6- Interfund Transfers (Continued)

No fund may have a reserve except for the Debt Service Fund and the Airport Fund. All funds that have a net increase at year-end must transfer that net increase to the General Fund. All funds that have a net decrease at year-end receive a transfer from the General Fund so that the fund breaks even for the year.

Note 7- Leases

Operating Leases- Primary Government

The County leases facilities, office equipment, and vehicles. Total costs for such leases were \$ 2,626 for the year ended December 31, 2008.

The future minimum lease payments for these leases are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2009	\$ 2,480
2010	2,072
2011	768
2012	689
2013	625
	<u>\$ 6,634</u>

Capital Leases-Primary Government

During 2008, the County entered into a Guaranteed Energy Savings Performance Contract to improve the County's energy efficiency and promote environmental sustainability. The County is leasing equipment for a period of 10 years and is required to make annual lease payments during the life of the contract. At the end of the lease term, ownership of the equipment will transfer to the County. The gross amount of these assets under capital leases is \$ 4,842 and is presented in the capital assets in the governmental activities.

In prior years, the County entered into capital lease agreements for various Airport vehicles and equipment. At the end of the lease term, ownership of the equipment will transfer to the County. The gross amount of these assets under capital leases is \$ 620 and is presented in the capital assets in the business-type activities.